

Message Text

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21

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-01

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

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TRSE-00 CIEP-01 AID-05 /071 W
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P R 311000Z OCT 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 330

INFO AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USCINCEUR

US MISSION NATO 474

USMISSION EC BRUSSELS

C O N F I D E N T I A L MADRID 6829

E.O. 11652: GDS

TAGS: PINT, SP

SUBJ: ASSESSMENT OF EFFECTS OF SPANISH CABINET
CHANGES

REF: (A) MADRID 6765 (B) MADRID 6808

1. UNTIL THIS WEEK IT WAS WIDELY BELIEVED THAT ARIAS
DURING FRANCO'S SUMMER HEALTH CRISIS AND SUBSEQUENT
CONVALESCENCE HAD BEGUN TO ASSERT CONSIDERABLE
INDEPENDENCE, BOTH IN TERMS OF FRANCO'S TUTELAGE AND AGAINST
RIGHTIST PRESSURES FOR A POLITICAL CHANGE OF COURSE.
WITH THE PRIME MINISTER'S ACQUIESCENCE IN CABANILLAS' OUSTER,
INCIPIENT IMAGE OF POLITICALLY INDEPENDENT AND DETERMINED
ARIAS HAS YIELDED TO PREVIOUS IMAGE OF ARIAS AS FRANCO'S BLINDLY
LOYAL ALTER EGO.

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2. INITIAL INDICATIONS ARE THAT DISMISSAL OF CABANILLAS

NOT INTENDED TO MEAN END OF ARIAS MODERATE LIBERALIZATION PROGRAM OR FULL RETURN TO MEDIA CENSORSHIP EXERCISED UNDER CARRERO BLANCO. BUT MOST SYMPATHIZERS OF LIBERALIZATION ARE ASSUMING JUST THAT AND GOVERNMENT WILL HAVE TO MAKE SOME RATHER IMPRESSIVE GESTURES TO REGAIN THEIR CONFIDENCE. CONSIDERABLE SKEPTICISM ABOUT ULTIMATE EFFECTIVENESS OF ARIAS PROGRAM ALREADY EXISTED AMONG LIBERALS AND SACKING OF CABINET'S MOST CONSISTENTLY LIBERAL FIGURE HAS MADE HIS CREDIBILITY PLUNGE SERIOUSLY. SOME MEDIA FIGURES NOW BELIEVE THAT NEW MINISTER OF INFORMATION, WHO BELIEVED TO SHARE CABANILLAS' SOFTNESS ON PRESS CONTROL WILL NOT HAVE TO TIGHTEN BUREAUCRATIC CONTROLS AS REMOVAL OF CABANILLAS WAS ITSELF SUFFICIENTLY CLEAR MESSAGE TO PRESS TO TIE LINE.

3. ANOTHER UNHAPPY RESULT IS THAT OUSTER OF CABANILLAS HAS VIRTUALLY ASSURED DEPARTURE FROM MINISTRY OF INFORMATION, AND PROBABLY FROM GOVERNMENT, OF SOME YOUNG LIBERAL INTELLECTUALS SUCH AS UNDER SECRETARY MARCELINO OREJA AND DIRECTOR GENERAL OF POPULAR CULTURE RICARDO DE LA CIERVA, WHO HAD WORKED DILIGENTLY TO OPEN CHANNELS BETWEEN ARIAS GOVERNMENT AND ALIENATED ARTISTS AND INTELLECTUALS IN SPAIN AND IN EXILE. UNLESS GOVERNMENT ACTS SHREWDLY AND SOON, OUTCOME OF CABANILLAS AFFAIR COULD BE FURTHER DISAFFECTION AMONG YOUNGER INTELLECTUAL ACTIVISTS AT TIME WHEN SPANISH COMMUNIST PARTY AND NON-COMMUNIST ALLIES OF DEMOCRATIC JUNTA ARE PUSHING ARGUMENT THAT EVOLUTIONARY APPROACH CANNOT PROVIDE WORKABLE WAY OUT FOR POST-FRANCO PERIOD.

4. LOSS OF BARRERA IS ALSO BLOW TO LIBERALS. BUT OF MORE IMMEDIATE IMPORTANCE IS THAT HIS DEPARTURE MEANS LOSS TO ARIAS GOVERNMENT AT WORST POSSIBLE MOMENT OF TOP ECONOMIC STRATEGIST AND PROBABLY CABINET'S MOST DYNAMIC AND IMAGINATIVE ADMINISTRATOR. EVEN IF CABELLO PROVES TO BE AS CAPABLE, LOSS OF MOMENTUM DURING HIS BREAKING-IN PERIOD AND ASSEMBLY OF NEW MINISTRY TEAM COULD BE COSTLY WITH ECONOMIC EVENTS MOVING SO RAPIDLY. LOSS OF KEY ECONOMIC POLICY MAKER ONLY DAYS AFTER HIS ANNOUNCEMENT OF AUSTERITY PROGRAM CREATED IMPRESSION HERE OF

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DISARRAY AND EXPECTATION OF FURTHER CONFUSION IN ARIAS GOVERNMENT'S DECISION-MAKING PROCESS IN NEAR FUTURE.

5. FROM STANDPOINT OF US INTERESTS DEPARTURE OF BARRERA IS ALSO SETBACK. WITHIN PRESENT CABINET HE HAS MOST OVERTLY PRO-AMERICAN AND RECEPTIVE TO CONTACTS WITH US OFFICIALS. HE CONSISTENTLY FAVORED LIBERAL APPROACH TO US INVESTMENT AND FREQUENTLY ARGUED HERE AND IN VISITS

TO US FOR "SPECIAL ECONOMIC RELATIONSHIP" BETWEEN US AND SPAIN.
WHILE WE NOW HAVE NO REASON TO BELIEVE THAT HIS
SUCCESSOR WILL BE SIGNIFICANTLY LESS AMENABLE TO OUR
INTERESTS, CABELLO'S PRINCIPLE FOREIGN EXPOSURE HAS SO
FAR BEEN TOWARD EUROPE--WITH FRANCE AS MEMBER OF FRENCH-
SPANISH JOINT PARLIAMENTARY GROUP, AND WITH ITALIANS BY
VIRTUE OF HIS POSITION AS HIGH OFFICER OF SEAT AUTO
WORKS, WHICH PARTLY OWNED BY ITALY'S FIAT.
RIVERO

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